

## BCS Advisory Council discusses possibilities

The Business and Commercial Services Advisory Council held its fall meeting with Secretary Daniels and BCS staff in late October.

Daniels appointed the council in 2006 to provide input and serve as a sounding board for potential changes in BCS policy and related legislation. Its 17 members hail from a variety of professions that interact with BCS, ranging from attorneys to chamber of commerce directors, elected officials to communications companies and private citizens.

After a welcome and opening comments from Secretary Daniels, BCS staff updated the committee on statistics from the past year. These included the increase in franchise tax collections and increased use of the online filing systems.

Staff also reviewed the results of annual report filings for limited partnerships and nonprofit corporations. Both of these entities were required to file an annual report for the first time in 2008, and about one-third met that new requirement. The council discussed several ideas to increase this rate.

The council discussed issues pertaining to Arkansas notaries public, including the possibility of developing basic legislation setting minimum requirements for the use of electronic notarization. These requirements would most likely be based on the electronic notarization standards developed by the National Association of Secretaries of State (NASS).

Discussion also focused on the need to formalize a notary bond claim process. If a claim is filed against a notary public, the bonding company carrying that notary's bond handles the claim. There is currently no protocol to notify the Secretary of State

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Regions Bank Senior Vice President Biff Morgan (l) and Secretary Daniels discuss the issues after a recent Advisory Council meeting.

## Seeking input for spring notary class locations

The Secretary of State's office has educated more Arkansas notaries public than ever this fall, with almost 30 free seminars available statewide.

The class remains very popular, drawing over 6,000 notaries since its inception in August 2005.

Although the training is not required, notaries have responded positively to the opportunity to learn about the laws, responsibilities and best practices related to notarization in Arkansas. This has resulted

in more professional notaries and an open line of communication with the Secretary of State's office to answer questions or provide more information.

We are currently planning our spring 2009 tour schedule. The seminars will begin in March 2009, and we want your input. We do offer private seminars for small groups, but if you have any suggestions on where the next public seminars should be, please e-mail [jarrod.johnson@sos.arkansas.gov](mailto:jarrod.johnson@sos.arkansas.gov) or call toll-free 888-233-0325.



*Secretary of State Charlie Daniels*

As the year 2008 draws to a close and a new year begins, my staff and I continue our effort to offer the very best in customer service.

Whether you are starting a corporation, dissolving an existing business entity or just beginning to think about going into business, we are here to help. We have several highly trained corporate customer service representatives waiting to assist you.

With the 2009 legislative session set to begin soon, I continue my commitment to keep the business community informed of new and changing laws that can affect Arkansas businesses.

This edition of *Arkansas, Inc.* includes a notary quiz to test aspiring, new and established notaries' knowledge of proper notary practices and an overview of notary education seminars we provide statewide.

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## One-third of state's nonprofit organizations file first annual report

During the 86th General Assembly, Arkansas lawmakers approved legislation requiring nonprofit corporations to file annual reports. The deadline for this new report was Aug. 1, 2008. No fees are associated with the report.

Thousands of nonprofits are registered with the Secretary of State, but until now there has been no way of determining which are still active and which are defunct.

The requirement for annual reports will provide that information, allowing the Business and Commercial Services division to clean up its records and remove inactive nonprofits from the current database.

To date, about one-third of the state's 34,289 nonprofit corporations have filed the new report.

"It's very important that nonprofit organizations file this report," Secretary Daniels said. "It does not involve any cost to the entity, and it helps our office work more efficiently by streamlining our records. That allows us to provide better, more efficient service."



Nonprofits on file December 2007: 34,289  
Total NP reports filed as of Sept. 30, 2008: 11,471

"Since this is the first year the nonprofits are required to file a report, 33 percent is good," Daniels added. "However, I encourage them to continue sending those reports, and I hope we'll see an even better response next year."

Anyone involved in a nonprofit organization registered with the Secretary of State should confirm that the entity's annual report has been filed, Daniels said.

You may contact the Business & Commercial Services Division online at [www.sos.arkansas.gov](http://www.sos.arkansas.gov), by e-mailing [corporations@sos.arkansas.gov](mailto:corporations@sos.arkansas.gov) or by calling 501-682-3482 or toll-free 888-233-0325.

### *COUNCIL, continued from page 1*

about the disposition of such claims. The proposed changes to the process would emphasize the Secretary of State's need to know the disposition of the claim by the bonding company.



Council members heard an update on the Uniform Commercial Code – RA9 administrative rules project. The revised rules are in the final drafting phase and will be distributed to interested parties as soon as they are finalized. The new rules are based on the model rules that were developed by the International Association of Commercial Administrators.

The council also reviewed possible uniform business entity legislation. Uniform law experts have suggested

that the Revised Uniform Limited Liability Company Act and the Uniform Limited Cooperative Association Act may be introduced during the 2009 legislative session.

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You will also find statistics summarizing first year returns of nonprofit annual reports, along with information requesting nonprofit corporations to update their businesses by submitting an annual report. As the Dec. 31 deadline approaches, we remind all entities that have not complied with 2008 tax requirements to avoid revocation by filing those documents. We'll also update you on the recent meeting of the BCS Advisory Council.

As always, you can obtain assistance by contacting a member of my staff in the Business & Commercial Services Division by calling 501-682-3482 or toll-free 888-233-0325 or by e-mailing [corporations@sos.arkansas.gov](mailto:corporations@sos.arkansas.gov).

## Closing companies must dissolve by year's end

If a company is ceasing operation in 2008, it must file a dissolution with the Arkansas Secretary of State's office to complete the process.

The dissolution process requires that all past and current taxes be paid and a final report be filed with the proper dissolution form. Any company that fails to submit all of the necessary paperwork with the Secretary of State's office by Dec. 31, 2008, is legally considered to be still transacting business and will be subject to the next year's franchise taxes.

Prior to Dec. 31, 2008, any company that has changed its tax contact information should make sure that information is updated with the Secretary of State's office.

This information must be submitted on company letterhead and include the original signature of a corporate officer. This will insure the 2009 franchise tax report is sent to the correct address.

Information should be sent to BCS at: Arkansas Secretary of State, State Capitol, Little Rock, AR 72201.



# NOTARY CORNER

Use the following quiz to assess your Arkansas notary public knowledge. For additional information, or more detailed information on notary public issues, you may request an *Arkansas Notary Public Handbook* or attend a free seminar conducted by the secretary of state's office. The answers are listed at the end.

1. An Arkansas notary is commissioned for:

- A. 5 years
- B. 10 years
- C. 15 years
- D. None of the above

2. When a notary public changes employment, does the employer who paid for the commission and seal retain ownership?

- A. Yes
- B. No

3. With what public official must a notary's oath and surety bond be filed?

- A. County Judge
- B. Circuit Clerk
- C. County Assessor
- D. Governor

4. Of which type of document is a notary prohibited from making certified copies?

- A. Birth Certificates
- B. Death Certificates
- C. Marriage Certificates
- D. Divorce Decree
- E. All of the above

5. What geographical jurisdiction does a notary public have?

- A. Citywide
- B. Countywide
- C. Statewide
- D. Nationwide

6. How does a notary officially change his/her name on the Secretary of State's records?

- A. Mailing a registered letter detailing marriage/divorce
- B. Making a telephone call
- C. Submitting a certified copy of the legal document changing the name
- D. None of the above

7. Which of the following items would not be a good source of verifying the identity of a person the notary does not know?

- A. Passport
- B. Driver's license
- C. Military ID card
- D. Credit card

8. A notary public must maintain a \$\_\_\_\_\_ surety bond or surety contract.

- A. \$5,000
- B. \$7,500
- C. \$10,000

9. A notary public may notarize documents in adjoining states as long as the document is signed by an Arkansas resident.

- A. True
- B. False

10. Someone who lives in another state but works in Arkansas may be commissioned as an Arkansas notary.

A. True  
B. False

11. Notaries public may

- A. Administer oaths
- B. Take acknowledgments
- C. Certify affidavits
- D. Supervise photocopying
- E. All of the above

12. An Arkansas notary may charge \_\_\_\_\_ for a notarial act.

- A. \$5
- B. \$10
- C. \$15

13. A notary public seal may contain the Great Seal of Arkansas on it.

- A. True
- B. False

14. A notary journal can be useful evidence if a notary is subpoenaed to testify in court.

- A. True
- B. False

15. If you are signing a document in which you have no direct financial interest, you may notarize your own signature.

- A. True
- B. False

Answers: 1. B, 2. B, 3. B, 4. E, 5. C, 6. C, 7. D, 8. B, 9. B, 10. A, 11. E, 12. A, 13. B, 14. A, 15. B



# NOTICE

## Forfeiture of Corporate Charter

Each year, the Arkansas Secretary of State is required to compile a list of corporations that have not met all Franchise Tax requirements. In accordance with Arkansas Code, Section 26-54-101, et seq., corporations that have not met these requirements are subject to forfeiture of corporate charter.

Payment of all Franchise Taxes, with penalty and interest, is due by December 31, 2008. Unpaid entities will move from "not current" status to "revoked" on January 1, 2009.

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*Need additional information? Contact the  
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